

3. An employee may, if authorized by the employer and any insurance company for which the employer is an agent, execute the employer's name to contracts of insurance in accordance with a written agency contract.

4. An employer shall be responsible for the insurance-related conduct of an employee. In any disciplinary proceeding, the existence of the employment contract shall be prima facie evidence that the employer knew of the activities of the employee.

5. Existence of a business relationship between two licensed producers by which each acts as an independent contractor shall not require the filing of any notice in accordance with this provision, nor create any responsibility for the acts of the other in the absence of knowledge or concerted action.

Amended by R.1993 d.507, effective October 18, 1993.
See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

11:17-2.10 Continuation of business of a producer who becomes disabled or dies

(a) A licensed producer continuing the business of a deceased or disabled producer is subject to the following requirements:

1. Pursuant to the provisions of the Act, a surviving spouse, next of kin, or administrator or executor of a deceased producer, or the legal guardian of a producer who has become mentally or physically disabled, may enter into a contract with a licensed producer for the purpose of continuing the business of the deceased or disabled producer. The contract may provide that the deceased or disabled producer's representative receive for a period not to exceed six months a portion of the fees or commissions generated by the business, notwithstanding that the representative does not hold a producer's license.

2. The licensed producer who contracts with the surviving spouse, next of kin, or administrator or executor of a deceased producer, or the legal guardian of a producer who has become mentally or physically disabled, to continue the business of the deceased or disabled producer shall immediately notify the Department in writing.

3. The notice shall contain the name and license reference number of the licensed producer; name and license reference number of the deceased or disabled producer; address where the business will be conducted; date of death or disablement; term of contract; and the name and address of the deceased or disabled producer's representative.

4. The notice shall be signed by the licensed producer and filed with the Department.

5. The notice shall be accompanied by the deceased or disabled producer's current license returned for cancellation and such other documents as may be necessary to show the legal capacity of the deceased or disabled producer's representative.

6. The licensed producer shall notify the Department when the contract has terminated.

New Rule, R.1993 d.507, effective October 18, 1993.
See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

11:17-2.11 Limited insurance representatives

(a) The following kinds of insurance may be marketed through limited insurance representatives:

1. Bail bonds;
2. Credit life;
3. Credit health;
4. Credit involuntary unemployment;
5. Credit property/casualty;
6. Ticket life;
7. Ticket accident;
8. Ticket property/casualty;
9. Group mortgage cancellation;
10. Mortgage guaranty;
11. Legal insurance.

(b) An organization shall not be registered as a limited insurance representative unless there is also an individual member of that organization licensed or registered as a limited insurance representative. Each individual acting as a limited insurance representative for an organization must be so licensed or so registered. An insurance company authorized to write the lines of insurance described in (a) above shall register its limited insurance representatives with the Department in accordance with this section.

(c) Prior to registering any limited insurance representative, the insurance company and the representative shall execute a written contract describing the duties and responsibilities of each. Both parties shall retain a copy of the contract and shall make it available to the Department upon request.

(d) The insurance company shall satisfy itself that the proposed limited insurance representative is trustworthy, competent, of good character, honest, financially responsible and capable of acting as its representative.

(e) The insurance company shall register its limited insurance representatives on a form prescribed by the Commissioner containing its company name and reference number; the representative's name, and date of birth if an individual; business mailing and location address; kind of insurance business to be conducted; and the effective date of the contract. The fee described in N.J.A.C. 11:17-2.13 shall be paid at the time of initial registration.

(f) The contract will be deemed to continue in effect until the insurance company files a notice of termination of the registration with the Department on a form prescribed by the Commissioner. The notice shall specify the reason for termination. If the reason is conduct of the representative that may constitute cause for disciplinary action against the representative, the company shall mail an additional copy of the notice to the Department's Enforcement Division together with an outline of available documentation.

(g) During the existence of the contract and until notice of termination has been filed, the limited insurance representative shall be deemed to be acting under the supervision of the insurer and as an agent for it, with respect to any insurance related conduct and pursuant to the contract between the parties.

(h) Nothing in this section shall prevent licensed insurance producers from marketing the kinds of insurance described in (a) above so long as they are licensed with the appropriate authority according to N.J.A.C. 11:17-2.2. Nothing in this section shall prevent companies authorized to write such insurance from entering into an agency contract with a licensed producer and filing a notice of agency contract in accordance with N.J.A.C. 11:17-2.9(a).

Recodified from 11:17-2.10 and amended by R.1993 d.507, effective October 18, 1993.
See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

11:17-2.12 Licensing information requirements

(a) The following requirements relate to the provision of criminal history information by licensed producers and license applicants.

1. An applicant for an individual license shall submit with his or her initial application a New Jersey State Police Request for Criminal History Record Information and the fee required to pay for its processing.

2. An applicant for an organization license shall submit with its application New Jersey State Police Requests for Criminal History Record Information and the fee required to pay for their processing, for each officer, director, partner and owner of five percent or more of the organization. Applicants who contemporaneously submit organization and individual applications need not submit duplicates.

3. Upon request by the Department, any licensed producer or license applicant, or any officer, director, partner or owner of five percent or more of any applicant organization, shall have fingerprint impressions taken and submit them to the Department on a New Jersey State Police fingerprint card, with the fee required to pay for their processing.

4. Upon request by the Department, a licensed producer or license applicant shall supply copies of any complaint, indictment, judgment of conviction or other related documents.

5. Failure to respond to any specific request or to submit documentation requested shall constitute grounds for denial of the license, or suspension or revocation of any current license.

6. Failure to indicate a criminal conviction on the application for an insurance producers license shall constitute a material misrepresentation and subject a licensee to the penalties provided at N.J.S.A. 17:22A-17a and b.

(b) Upon request by the Department, a licensed producer or license applicant shall supply copies of any petition or complaint in bankruptcy, discharge in bankruptcy, or copies of any pleadings in a proceeding for assignment to creditors. Failure to respond to any specific request or to submit documentation requested shall constitute grounds for denial of the license, or suspension or revocation of any current license.

(c) The following provisions apply to the bond requirement for surplus lines authority.

1. The bond required to be filed in connection with the application of any person for a producer license with surplus lines authority shall be on a form approved by the Commissioner pursuant to N.J.S.A. 17:22A-14.

2. Failure to maintain a bond in full force and effect and in the full amount required will serve to void the authority to act as a surplus lines producer as of the date of expiration or cancellation of the bond. Voiding or cancelling surplus lines authority shall be subject to the right of any producer to a hearing in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq. and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1 on the issue of whether the filed bond remained valid or a replacement bond was obtained and filed.

3. Upon request by the Department, licensees shall provide information concerning the volume of surplus lines business transacted.

(d) Licensed organizations shall notify the Department within 30 days of the addition or deletion of any licensed or unlicensed officer, director, partner or owner of five percent or more of the licensed organization. Notification of the addition of any unlicensed officer, director, partner or owner of five percent or more of the licensed organization shall be accompanied by a properly completed criminal history verification form and required fee.

(e) Departure, termination or deletion of licensee officers, directors or partners, which leaves an organization insurance producer with no licensed officers, directors or partners or with officers, directors or partners who do not have like authorities as the organization producer, shall make the organization producer license inactive. Under these circumstances, the organization license shall be returned immediately to the Commissioner.